

Enhanced Use Leasing Policy Memorandum

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DAIM-MD

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Policy Memorandum: Enhanced Use Leasing

1. Purpose. To provide guidance on the Army's Enhanced Use Leasing Policy regarding recent amendments to Title 10, United States Code, Section 2667.

2. Reference.

a. OSD memorandum SUB: Section 2667 of Title 10, United States Code: Enhanced Use Leasing, 10 May 2001.

b. Sale and Outleasing Guide, Chapter Four; Outlease of Real Property, website: www.asafm.army.mil

c. Title 10, United States Code, Section 2667

3. Definition. Enhanced Use Leasing: Expanded leasing authority under Title 10 U.S.C. Section 2667 provides additional tools for managing our real property assets (land and facilities). This expanded authority will allow for a more efficient and effective use of the Army's non-excess property. It includes the ability to use cash proceeds for restoration, environmental restoration, and acquisition of facilities, construction and other services. It also includes the ability to accept a broader range of in-kind consideration, including construction of new facilities, space in facilities, restoration, repair, improvement and services.

It affords the Army added flexibility to better realize the value of its real property assets. All leasing actions will be accomplished in accordance with federal real property and environmental laws and regulations, as well as with Army policy. In the past, the Army relied primarily on appropriated funds to build and maintain Army facilities. However, appropriated funds have not been adequate to meet Army requirements. A significant maintenance and repair backlog has built up over time, exacerbating the funding shortfall.

4. Policy. Leasing under Section 2667 is an important tool for reducing infrastructure costs, providing facilities and services, and making additional funds available for Army readiness, modernization, and quality of life initiatives. Leasing provides the Commanders the opportunity to move the property to a special category that would take it off the books for the lease term and thereby reduce the total inventory. MACOMs and Installations will benefit from these leasing initiatives. MACOMs and Installations must be familiar with the OSD guidance and the specific Army policy.

a. The Army encourages the leasing of real property assets that can be made available for mission compatible non-Army uses. Lease proceeds, whether presented as cash or in-kind consideration, will recognize the current and potential value of the Army's asset contribution to the lease, resulting in an equitable distribution of lease proceeds.

b. Outleasing non-excess, available property to private entities is an important tool to address real property issues. The goal is to maximize use of these assets.

c. Leases will be consistent with the missions, operations, and security of the installation and will not conflict with the development of the off-post community.

d. The use of these assets under the expanded authority of Title 10 U.S.C. Section 2667 is documented through a lease and a comprehensive Business and Leasing Plan. The Plan outlines the terms of the agreement and the cash or in-kind consideration the partner will provide to the Army in exchange for use of the real property.

e. The installation will propose a project for approval. A project proposal should include: Description of project, link to current mission, scope of project, anticipated challenges and/or obstacles and community support. Projects with an estimated rental value, whether cash or in-kind, or construction costs of over \$500,000 should be forwarded through the MACOM to Department of Army for review and initial approval to proceed.

f. Leasing Process: The leasing process is accomplished in three phases under the authority to lease non-excess property provided in Title 10 U.S.C. Section 2667. For example:

- Phase I. The Army evaluates potential partners prior to selection through a notice of availability to lease at a specified installation and hosts an industry conference. The selection of a partner is based on meeting the goals and objectives of the leasing action and their ability to provide asset management expertise and experience. The Army is looking for a partner who will be creative and professional in identifying issues, analyzing solutions, and in determining entrepreneurial processes to ensure successful implementation of the project. The goals of the leasing action will be to find uses for the installation assets that are compatible with the requirements and mission of the installation; to maintain positive relations with the communities surrounding the property; to successfully integrate development activities with cultural resources and environmental policy management requirements in support of the mission; to realize the value of its real property assets; and to employ the best commercial practices to the benefit of both the Army and partner.

- Phase II. The Army and the partner work jointly to produce a Business and Leasing Plan in close coordination with stakeholders in the local community. The Plan will include financing strategies for the proposed lease arrangements, an approach for developing the leased property at the installation, and the cash or in-kind consideration to be provided by the partner to the Army.

- Phase III. The Army and partner implement the projects approved in the Business and Leasing Plan. The implementation phase begins after approval by either the MACOM or, if over \$500,000 Headquarters Department of the Army.

- After initial approval, a checklist will be jointly developed to guide the project and timelines.

5. Point of Contact for this policy is Mr. Alan King, phone: 703-692-9217; email: Alan.King@hqda.army.mil

(signed)
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